DELIVERING ON OUR PLAN

2000 ANNUAL REPORT

FORT CHICAGO ENERGY PARTNERS L.P.

OUR PLAN: To unlock the value of an investment in the Alliance Pipeline held by Chauvco Resources Ltd. and to create a stable long-term tax efficient cash distribution stream for investors backstopped by a new state-of-the-art natural gas pipeline system from the Western Canadian Sedimentary Basin to the Midwestern United States and Eastern Canadian markets. With the commencement of commercial operations of the Alliance Pipeline on December 1, 2000 and the initial cash distribution to Unitholders of Fort Chicago on January 15, 2001, we have delivered on our plan.

Letter to Unitholders

The year 2000 was a year of many accomplishments, the most important of which was the commencement of operations of the Alliance and Aux Sable projects on December 1, 2000. The commencement date was two months behind the original planned date of October 1, 2000, the result of final commissioning of a very large and complex system. The costs for constructing the Alliance Pipeline were slightly under budget in Canada, and slightly over budget in the United States. The costs for constructing the Aux Sable Plant exceeded budget by approximately 15 percent.

Since the start-up of operations of the Alliance Pipeline on December 1, 2000, the system has performed better than expected. Reliability has exceeded expectations and the system has met its firm service delivery obligations continuously since this date, with one very minor exception. On December 21, 2000, Alliance officially passed its "completion testing" mandated under the Alliance bank credit facilities. As a result, Alliance's interest rates were reduced, the pledge of Fort Chicago's interest in the Alliance Pipeline Project was released and Fort Chicago was released from its remaining equity commitment to the Alliance Pipeline Project.

The Aux Sable Plant commenced commercial operations on December 1, 2000. However, December 2000 through early 2001 was an extremely challenging time with record cold weather and snowfall in Chicago, highly volatile natural gas liquids extraction margins and a number of start-up difficulties for the Plant. Together, these events had a negative impact on both the operating and financial results for this period. Throughout this period, however, the Plant was able to meet its heat content management obligations to Alliance.

Looking to the future, Fort Chicago is extremely well positioned. The Alliance Pipeline has been constructed with the capability to expand by approximately 40 percent (500 mmcf/d) with additional compression capacity. Due to a lower cost of this additional capacity, we believe that Alliance will add the next incremental capacity from the Western Canadian Sedimentary Basin to the Midwestern United States and Eastern Canada.

Alliance also is well placed regarding the transportation of Northern gas to market. Any decision to bring this gas to market has many obstacles and is likely five to seven years away, however the liquids rich capability of the Alliance Pipeline provides a strategic advantage to Alliance when compared to the existing pipeline systems serving the Midwestern United States and Eastern Canadian markets.

We also see considerable strategic value in our interest in the Aux Sable Plant. This asset has significant excess capacity and could be expanded to process additional liquids rich gas very cost effectively. With the volatility in natural gas liquids extraction margins, we would look to secure a more stable revenue stream for our Unitholders from any expansion of this asset. The Aux Sable Plant was impacted by high natural gas prices and reduced natural gas liquids extraction margins during the first two months of operation. However, margins are recovering and we are cautiously optimistic that this will continue to be the case for the balance of 2001.

During the fourth quarter of 2000, Fort Chicago completed the issuance of 4,655,000 new Class A Units. This issuance was completed at $8.90 per Class A Unit to raise gross proceeds of $41.4 million. The Partnership completed this offering to repay a portion of the indebtedness incurred to fund its share of the capital expenditures principally for the relatively small cost overruns of the projects.

In March 2001, the Partnership entered into new credit facilities totalling $140 million to replace the existing credit facilities. These new facilities will significantly reduce the margin above floating rates for the Partnership's borrowings and also allow the Partnership to transition to longer term financing that we anticipate arranging later in 2001. We have also removed or made less onerous a number of restrictions that existed in the previous financing, including the restriction on distributions.

On January 15, 2001, the Partnership paid an initial distribution of $0.075 per Class A Unit to Unitholders of record on December 29, 2000. In addition, on March 20, 2001, Fort Chicago announced a distribution of $0.175 per Class A Unit payable to Unitholders of record on March 30, 2001. Fort Chicago is committed to providing stable cash distributions to Unitholders each quarter, however, cash distributions may be affected by the unprecedented volatility of natural gas prices and the resulting natural gas liquids extraction margins. Presently, we anticipate cash distributions to range between $0.70 and $0.90 per Class A Unit for 2001 based on a budgeted exchange rate of $0.65.

OUTLOOK

We look forward to 2001 and beyond with excitement. Fort Chicago is well positioned with two very valuable and strategic assets. With the completion of longer term financing anticipated in 2001, our financing plan will be completed which should allow Fort Chicago to stabilize cash distributions to Unitholders while retaining the financial flexibility to evaluate other opportunities over the longer term.

In our letter last year, we communicated our belief that Western Canada's natural gas industry was on the threshold of new opportunities. Today, we believe that this is still the case. Higher prices for the commodity, coupled with growing demand, has provided significant financial returns for the natural gas producing sector. The Alliance and Aux Sable projects are part of the reason that Western Canadian natural gas producers have been able to participate in these financial rewards.

We wish to thank the many thousands of people whose dedication and hard work resulted in the completion of the Alliance and Aux Sable projects. Their dedication and hard work has resulted in the dream of Alliance becoming a reality.

GUY J. TURCOTTE
Chairman and Chief Executive Officer

STEPHEN H. WHITE
President and Chief Financial Officer

March 7, 2001

Northern Gas Potential

	Prudhoe Bay	Mackenzie Delta
RESERVES (tcf)		
Proven	31	9
Potential	99	64
PRODUCTION (bcf/d)		
Presently	8	–
Presently reinjected	7	–
Possible production range	2.5 – 4.0	0.8 – 1.2

The Natural Gas Industry

The natural gas industry in North America today is experiencing an enormous transformation. Driven by the desire for a cleaner burning source of fuel, large increases in demand are forecast over the next decade. North American demand growth has averaged two percent to three percent over the last five years. These increases have occurred during a period of above average temperatures across the continent. Today, demand is forecast to continue to increase in the same two percent to three percent range given normal weather patterns. Electrical power generation is forecast to account for a majority of this increase in demand.

In this scenario of growing demand driven by the need for electricity and supply constraints from traditional supply areas, many are looking to more remote areas for incremental gas supplies, including Prudhoe Bay and the Mackenzie Delta. The hurdles to overcome before Northern gas supplies become a reality are significant. Stakeholder demands and expectations must be met, including the interests of the resource owner, Aboriginal groups and various levels of government, both in Canada and the United States. Environmental concerns are also significant and must be dealt with.

The Alliance Pipeline is strategically well positioned to provide Northern gas to the North American natural gas market. To date, various proposals have assumed that Northern gas will be shipped to Alberta and then entered into the integrated North American natural gas distribution systems. The Alliance Pipeline provides the most direct route to Midwestern United States markets from Alberta, has expansion capability and has the ability to transport a liquids rich gas stream, all features that will likely be required for transporting Northern gas.

The Aux Sable Plant is also a strategically well positioned asset with expansion capacity and access to a large consuming region for natural gas liquids.

The hurdles to be overcome in bringing these reserves to market are not to be understated and the timeframe required to complete these projects may be at least five years. However, the major requirements for development of these reserves currently exist – strong demand growth, natural gas prices that support the projects, community support and producers driven to capitalize on a significant resource. We believe the Alliance Pipeline, coupled with the Aux Sable Plant, will play a role in bringing these extremely important reserves to market.

ALLIANCE

15-YEAR TAKE OR PAY CONTRACTS

FURTHER PIPELINE EXPANSION

UPSIDE FROM INCREASED DRILLING ACTIVITY IN THE BASIN

$8 BILLION IN SHIPPING COMMITMENTS

1.325 BILLION CUBIC FEET PER DAY OF CAPACITY

DIVERSIFIED PORTFOLIO OF 38 SHIPPERS

PIPELINE

THE VISION: To provide Western Canadian natural gas producers the opportunity to expand their markets in the Midwestern United States and Eastern Canada through a real competitive choice.

THE REALITY: Alliance Pipeline's new state-of-the-art natural gas pipeline system.

What started out in 1994 as the vision of a few natural gas producers and marketers turned into reality with the commissioning of the Alliance Pipeline on December 1, 2000. A period of six years of planning, consultations, regulatory approvals, construction and commissioning. Today, the pipeline provides many benefits to numerous stakeholders including:

— A higher pressure pipeline technology allows shippers to transport natural gas liquids commingled with natural gas.

— An innovative negotiated toll design provides certainty of toll for shippers and Alliance owners.

— A designed Authorized Overrun Service ("AOS") of 16 percent of firm capacity with the full benefit accruing to the shippers.

— The producers have incentive to ship higher energy content natural gas as it lowers the effective toll.

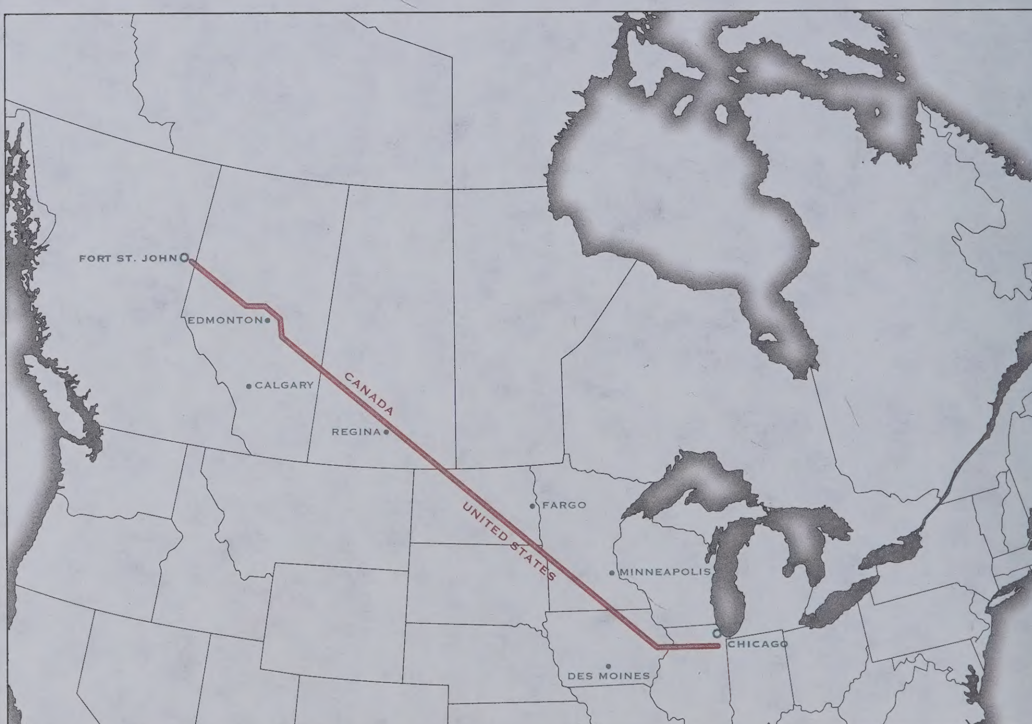
— It provides additional market access for natural gas and natural gas liquids in the expanding Midwestern United States and Eastern Canadian markets.

— The expansion capability inherent in the Alliance design will provide cost-effective additional transportation service when required by natural gas producers.

— A diversified portfolio of shippers committed for a minimum 15 years provided the necessary foundation for arranging the debt and equity financing for Alliance.

— The state-of-the-art control system provides for an extremely safe and reliable system.

— Taxation and royalty payments to the various levels of governments.


FORT ST. JOHN
EDMONTON
CALGARY
REGINA
CANADA
FARGO
UNITED STATES
MINNEAPOLIS
CHICAGO
DES MOINES

The Alliance Pipeline

After three months of operation, the Alliance Pipeline system has performed better than expected. Reliability has exceeded expectations and the system has continuously met the firm service obligations since start up with one minor exception.

The focus for the Alliance Pipeline in 2001 will be to:

— Provide the most cost-effective services to the shipper possible by maximizing through-put volumes and controlling operating costs.

— Continue the strategy of accessing long-term debt markets to reduce the floating rate bank debt and to protect the shippers and owners from adverse movements in short-term interest rates.

— Ensure the highest level of environmental and safety performance.

— Ensure that land restoration activities are completed in a timely and responsible manner.

Also, the owners now can turn their attention to maximizing the value inherent in the Alliance Pipeline system for the various stakeholders. This will include preparing the initial groundwork for expansion of the system with the objective of providing the next increment of transportation service to Western Canadian natural gas producers.

AUX SABLE

ONE OF THE LARGEST FACILITIES IN THE UNITED STATES

PROCESSING CAPACITY OF 2.1 BILLION CUBIC FEET PER DAY

INITIAL OUTPUT OF 70,000 BARRELS PER DAY OF NATURAL GAS LIQUIDS

COMMERCIAL ARRANGEMENTS IN PLACE

EXPANSION CAPACITY

ACCESS TO A LARGE CONSUMING REGION FOR NATURAL GAS LIQUIDS

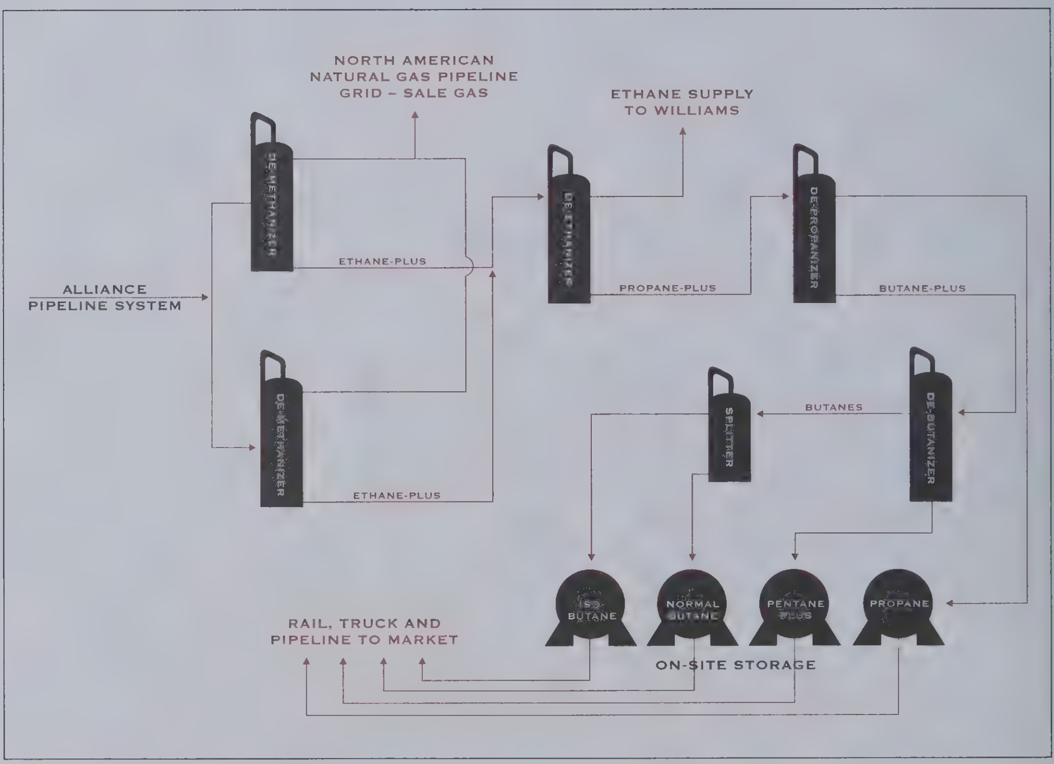
FACILITIES

THE AUX SABLE PLANT was an integral part of the Alliance Project from its conception. An additional cost-effective outlet for surplus natural gas liquids, centred in an expanding market, was part of the initial vision for the Alliance Project. Today, the Aux Sable Plant represents that vision. The facilities are one of the largest in the United States. Designed initially to process 2.1 billion cubic feet of natural gas per day, the Aux Sable Plant is a significant supplier of propane and ethane in the Midwestern United States, particularly for the State of Illinois and its neighbouring states.

The Plant is initially expected to recover 70,000 barrels per day ("bbls/d") of natural gas liquids, consisting of 40,000 bbls/d of ethane, 19,000 bbls/d of propane, 8,000 bbls/d of butane and 3,000 bbls/d of pentane plus. With a small amount of capital, the Aux Sable Plant can be expanded to produce 110,000 bbls/d of natural gas liquids.

Today, we have the commercial arrangements in place to support the facilities. The ethane will be sold under a long-term contract to Williams for use as a petrochemical feedstock. With access to the Williams pipeline system, Aux Sable and Williams have the capability to deliver ethane to mid-continent and Gulf Coast petrochemicals markets. Propane markets have been secured that provide for the ultimate sale of all produced volumes, particularly during the summer months when propane production exceeds the available market.

Aux Sable can access the market for its production via a combination of pipeline connections, rail loading facilities and truck loading facilities that ensure that Aux Sable's production is distributed throughout the Midwestern United States.


NORTH AMERICAN
NATURAL GAS PIPELINE
GRID – SALE GAS
ETHANE SUPPLY
TO WILLIAMS
ALLIANCE
PIPELINE SYSTEM
DE-METHANIZER
ETHANE-PLUS
DE-ETHANIZER
PROPANE-PLUS
DE-PROPANIZER
BUTANE-PLUS
DE-METHANIZER
ETHANE-PLUS
SPLITTER
BUTANES
DE-BUTANIZER
ISO BUTANE
NORMAL BUTANE
PENTANE PLUS
PROPANE
RAIL, TRUCK AND
PIPELINE TO MARKET
ON-SITE STORAGE

The Aux Sable Facilities

Construction of the Aux Sable facilities during 2000 were hampered by several factors, largely the result of an extremely tight labour market in the Chicago area. The Plant was commissioned on December 1, 2000, on the same schedule as the Alliance Pipeline, and the construction costs were approximately 15 percent over budget. Initial operations were also impacted by record cold weather and snowfall in the Chicago area. However, the Plant was able to meet its heat content management obligations to Alliance during this extremely challenging period.

The cash flow and profitability of the natural gas liquids ("NGL") extraction business is driven by the spread on a Btu basis of NGL prices compared to natural gas prices. During December 2000 through early 2001, NGL extraction margins were extremely volatile and for several weeks were negative. Aux Sable responded by limiting extraction at its facilities and arranging for alternative means for meeting its heat content management obligations to Alliance, including receiving relief from various downstream pipelines on the maximum heat content of the gas. Natural gas prices did abate in late January 2001 and this allowed extraction margins to recover.

Extraction volumes have varied considerably during the first three months of operation as a result of the volatility in NGL extraction margins, the start-up of the final elements of the Plant, and the commencement of contract deliveries under the various commercial arrangements, particularly the Williams ethane supply contract. We do foresee that the extraction volumes will approach the initial design parameters of 70,000 bbls/d in late March 2001.

Going forward, it is extremely difficult to predict the level of distributions that will be generated from the Aux Sable Plant. The volatility in NGL extraction margins experienced during December 2000 and January 2001 has necessitated that we remain cautious towards the balance of 2001. At this time, we are predicting that the distribution from Aux Sable to Fort Chicago in 2001 will range between $0.00 and $0.20 per unit. This compares to a 10-year historical average based on the extraction of 70,000 bbls/d of $0.35 per Class A Unit.

Management's Discussion and Analysis

	2000	1999
INCOME FOR 12 MONTHS ENDED DECEMBER 31		
Net income	$ 26,996,000	$ 27,046,000
Net income per Class A Unit	$ 0.40	$ 0.41
INCOME FOR THREE MONTHS ENDED DECEMBER 31		
Net income	$ 5,478,000	$ 5,738,000
Net income per Class A Unit	$ 0.07	$ 0.09

	As at December 31	
	2000	1999
BALANCE SHEET		
Cash	$ 37,031,000	$ 81,002,000
Investment in Alliance	$ 593,725,000	$ 377,347,000
Partners' equity	$ 496,782,000	$ 429,453,000
Class A Units outstanding	71,843,054	66,100,829

GENERAL OVERVIEW

The year 2000 was a significant year for Fort Chicago Energy Partners L.P. (the "Partnership" or "Fort Chicago"). Both the Alliance Pipeline and Aux Sable Plant were completed during the year and commenced commercial operation on December 1, 2000. In addition, Fort Chicago completed a $41 million equity offering of 4,655,000 Class A Units in November, 2000.

In early 2001, the Partnership replaced its bank credit facilities to provide additional financial flexibility and to allow a transition to longer term debt financing.

RESULTS OF OPERATIONS

For the year ended December 31, 2000, Fort Chicago had earnings of $27.0 million or $0.40 per Class A Unit, unchanged from $27.0 million or $0.41 per Class A Unit in 1999. Interest income for the year was reduced from the prior year and interest and finance expenses increased as a result of the investment of the Partnership's cash in the Alliance and Aux Sable projects and the need to draw upon the bank credit facilities in late 1999. The Partnership incurred a foreign exchange loss in 2000 of $1.7 million as most of the credit facilities have been drawn in U.S.$ to finance the Aux Sable Plant. Equity income increased to $40.5 million in 2000 from $26.7 million in 1999 as a result of higher earning in the Alliance Pipeline. The Alliance Pipeline recognizes the allowed Allowance for Funds used During Construction ("AFUDC") that is included in the Alliance Pipeline rate base for tariff purposes. AFUDC was much higher in 2000 as a result of higher equity capital invested in the Alliance Pipeline Project. The Alliance Pipeline ceased recording AFUDC on December 1, 2000, and at that time started to earn the allowed equity return on the capital invested included in its transportation tariff.

Included in fourth quarter equity earnings of the Alliance and Aux Sable projects was a $0.7 million loss from operations of the Aux Sable Plant and $0.4 million loss on gas marketing activities undertaken by an affiliate of the Alliance Pipeline. Due to the volatility in natural gas prices and natural gas liquids extraction margins, there may be further losses in 2001 from these activities.

RISK MANAGEMENT

During 2000, the Partnership undertook a review of its risk management options. The primary risks to the Partnership are:

1) natural gas liquids extraction margins;
2) fluctuation in exchange rates; and
3) risk of default of shippers on the Alliance Pipeline.

Although the natural gas liquids extraction margins represent the largest variability in the cash distribution to Unitholders, the Partnership is not aware of an effective hedge. No recognized forward markets exist for ethane, and for propane the market is largely concentrated within the first two forward months. The use of a proxy hedge is theoretically possible to hedge natural gas liquids extraction margins and it would reduce the risk profile marginally, however, the possibility of losses occurring under the hedge at the same time as falling natural gas liquids extraction margins was sufficiently large to override the potential benefits.

The Partnership's earnings and cash flow is largely derived in U.S. dollars. To offset some of this risk we have denominated a majority of the Partnership's borrowing in U.S. dollars to provide a hedge against movements in the exchange rates.

The Alliance shippers are concentrated in the natural gas producing and marketing sectors of the Western Canadian Sedimentary Basin. The Alliance Pipeline does not have a significant concentration of credit risk as it has a portfolio of 38 shippers, 88 percent of which are investment grade or equivalent. In addition, Alliance has a stringent credit review and approval process with any shipper not meeting Alliance's investment grade or equivalent criteria being required to post security in the form of a letter of credit or a dedication of natural gas reserves.

QUARTERLY INFORMATION

	Three months ended			
2000	March 31	June 30	Sept. 30	Dec. 31
Revenues ($ thousands)				
Interest	$ 774	$ 332	$ 211	$ 316
Net income ($ thousands)	$ 6,892	$ 6,974	$ 7,652	$ 5,478
Net income per Class A Unit				
Basic	$ 0.10	$ 0.11	$ 0.12	$ 0.07
Fully diluted	$ 0.10	$ 0.11	$ 0.12	$ 0.05

	Three months ended			
1999	March 31	June 30	Sept. 30	Dec. 31
Revenues ($ thousands)				
Interest	$ 2,332	$ 2,006	$ 1,998	$ 1,584
Net income ($ thousands)	$ 6,685	$ 6,277	$ 8,346	$ 5,738
Net income per Class A Unit				
Basic	$ 0.10	$ 0.10	$ 0.12	$ 0.09
Fully diluted	$ 0.10	$ 0.10	$ 0.12	$ 0.09

LIQUIDITY AND CAPITAL RESOURCES

The Partnership has been capitalized with equity capital of $425 million and debt, net of working capital, of $100 million. On March 6, 2001, the Partnership entered into new credit facilities as described in Note 9 of the financial statements. On that date, the existing facilities of $130 million were repaid from proceeds of the new credit facilities and cash on hand.

Going forward, the Partnership anticipates arranging longer term financing to replace most of these credit facilities with the intent of matching the repayment obligation to the recovery of capital from the Alliance Pipeline Project. Although management believes this should be possible, there is no assurance that the Partnership will be able to complete such a financing before the maturity of the existing facilities on March 5, 2002.

The ability of Fort Chicago to make cash distributions or return capital contributions or to repay its bank credit facilities is primarily dependent upon the receipt by Fort Chicago of cash distributions and other payments from Alliance Pipeline and the Aux Sable Plant. Pursuant to the financing arrangements for the Alliance Pipeline, as long as there are any obligations outstanding to the lenders thereunder, Alliance Pipeline Limited Partnership and Alliance Pipeline L.P. may make distributions or return capital contributions to their limited partners (including Fort Chicago) so long as at the time of any such distribution or other payment various conditions are met including, among other things, (a) no "Event of Default" or event which with the giving of notice or passage of time or both could become an "Event of Default" shall have occurred and be continuing, (b) certain debt service accounts and debt service reserve accounts are fully funded, (c) certain debt service coverage ratios and projected debt service coverage ratios are met, and (d) such distribution or other payment is not funded by the senior debt. An "Event of Default" is defined in the Common Agreement relating to the senior debt of the Alliance Pipeline to include those events which are typically referred to in a loan agreement and the occurrence of, among other things, any of the following events:

(i) there is a stipulated level of defaults by shippers in making payments under transportation contracts or in complying with the creditworthiness requirements of the Alliance Pipeline; and

(ii) default by a third party under any operational agreement concerning Alliance or Aux Sable and failure to replace such third party within 90 days of such default and such default being likely to have a material adverse effect on Alliance Pipeline Limited Partnership or Alliance Pipeline L.P.

The Partnership's investment in the Alliance and Aux Sable projects has been made via investments in subsidiary partnerships and corporations. There are no legal or practical restrictions on such subsidiary partnerships or corporations from transferring funds received from the Alliance and Aux Sable projects to the Partnership except that the subsidiary corporations must meet liquidity and solvency tests under applicable corporate law.

The Partnership has certain commitments to fund the Alliance and Aux Sable projects that are disclosed in Note 7 to the financial statements. The Partnership may commit further funds during the coming year to enhance or expand the Alliance and Aux Sable projects, the amount of which should not be significant.

DISTRIBUTIONS

The Partnership will distribute "Distributable Cash" to Unitholders on a quarterly basis. The Partnership anticipates distributing Distributable Cash in respect of the quarters ending March, June, September and December in each year to Unitholders of record on the last day of the applicable quarter. Payments will be made on or before the 30th day after each record date. There is no assurance that the Partnership will make a distribution for any particular quarter. In future, the Partnership may determine to distribute Distributable Cash on a monthly basis rather than on a quarterly basis.

The annual amount of Distributable Cash will vary based on the, i) amount of distributions received from the Alliance Pipeline and Aux Sable Plant, (ii) the economics of operating the Aux Sable Plant, (iii) the amount of cash held in reserve by the Partnership, (iv) the financing costs of the Partnership, including the requirement to retire the Partnership's indebtedness, and (v) the operating expenses of the Partnership.

The Partnership's credit facilities entered into on March 6, 2001 also impose certain restrictions on the Partnership to make cash distributions to Unitholders including (i) limiting the Partnership's ability to incur additional debt to finance cash distributions and (ii) restricting the ability of the Partnership to make distributions when a "Default" or an "Event of Default" shall have occurred or be continuing.

On January 15, 2001, the Partnership paid an initial distribution of $0.075 per Class A Unit to Unitholders of record on December 29, 2000. In addition, the Partnership announced on March 20, 2001 the payment of $0.175 per Class A Unit to Unitholders of record on March 30, 2001. For 2001, the Partnership anticipates that the amount of distributions will vary between $0.70 and $0.90 per Class A Unit (annualized) based upon approximately $0.75 to $0.80 per Class A Unit of distributions from the Alliance Pipeline, $0.00 to $0.20 per Class A Unit for distributions from the Aux Sable Plant less $0.12 to $0.14 per Class A Unit for financing and administration expenses. These estimates have been prepared based on a U.S.$ exchange rate of $0.65. The amount of distributable cash is highly sensitive to the natural gas liquids extraction margins. Since start-up of the Aux Sable Plant on December 1, 2000, this margin has been very depressed which has affected the ability of the Aux Sable Plant to generate distributions for its owners, including Fort Chicago.

TAXATION OF UNITHOLDERS AND THE RECEIPT OF DISTRIBUTIONS BY UNITHOLDERS

The following is of a general nature and is not intended to be, nor should it be considered to be, legal or tax advice. Therefore, Unitholders should consult their own tax advisors with respect to their particular circumstances.

Tax Deductions

A Partnership generally is not subject to federal or provincial income tax. The annual income gains, losses, deductions or credits of the Partnership flow through to the Unitholders who are required to report their allocated share of these amounts on their individual tax returns as though the Unitholder had incurred these items directly. The Partnership agreement allocates these amounts to Unitholders of record on March 31, June 30, September 30 and December 31 of each year ("Unitholder of Record").

In March, Unitholders of Record receive a T5013 tax form that summarizes their allocated share of the Partnership's reportable tax items for the calendar year ended December 31, and certain information required to be included in their tax returns. Only the amounts shown on the T5013 should be entered on each Unitholder's tax returns. The Partnership has summarized the information on the inside back cover of this annual report.

Distributions and Adjusted Cost Base of Units

Holders of Class A Units are required to reduce the adjusted cost base of their units by the amount of any distributions received. In addition, the cost base of a holder's units is reduced by the amount of any loss allocated to a Unitholder and increased by the amount of any income allocated to a Unitholder on their T5013 form.

The adjusted cost base is used in calculating capital gains and losses on the disposition of the Class A Units if the units are held as capital property by the Unitholder.

OWNERSHIP RESTRICTIONS

The Partnership was organized in accordance with the terms and conditions of a limited partnership agreement dated as of October 9, 1997 as amended and restated on November 21, 1997 and as further amended on March 7, 2001 (the "Partnership Agreement"). The Partnership Agreement provides that no Class A Units may be transferred to (i) a person who is a "non-resident" of Canada, a person in which an interest would be a "tax shelter investment" or a partnership which is not a "Canadian partnership" for purposes of the *Income Tax Act* (Canada) or (ii) a person who is a "Competitor" (as defined in the Partnership Agreement). The Partnership Agreement further provides that no person, other than an "Exempt Person" (as defined in the Partnership Agreement), may beneficially own 10 percent or more of the outstanding Class A Units prior to May 29, 2001.

RISK FACTORS

An investment in Class A Units is subject to a number of risks. There is a risk that a purchaser of Class A Units may lose some or all of his or her investment. Initially, the Partnership's sole assets will be its interest in the Alliance Pipeline and the Aux Sable Plant.

The business of the Partnership is subject to the normal risks associated with the pipeline and natural gas liquids extraction industries, including operating risks inherent in the operation of a complex pipeline system with little prior operating history, future demand risks beyond the terms of the current transportation contracts, related dependence on available reserves within the Western Canadian Sedimentary Basin and the exploitation thereof, government and environmental regulations where applicable, price fluctuations of natural gas and natural gas liquids, availability of inlet natural gas, risk of default by shippers, competitive pressures, fluctuation of the Partnership's operating costs, fluctuations in the U.S.-Canada currency exchange rate, present and future financing risk of the Alliance and Aux Sable projects and risks of claims in excess of insurance coverage maintained by the Alliance and Aux Sable projects. Furthermore, risks of substantial costs and liabilities relating to environmental claims are inherent in pipeline and natural gas processing operations and there can be no assurance that such costs or liabilities will not be incurred.

Distributions by the Partnership to the holders of Class A Units will fluctuate and there can be no assurance regarding the amounts to be distributed. The revenue of the Partnership will be based upon tolls charged pursuant to transportation service agreements, which expire 15 years after the in-service date of the Alliance Pipeline Project, unless renewed. Therefore, beyond the initial term of such agreements, the revenues derived by the Partnership will depend upon demand for natural gas in markets served by the Alliance Pipeline and the availability of competitive alternatives for transportation of natural gas to such markets.

The Partnership may issue an unlimited number of additional Class A Units without the approval of the holders of Class A Units, such that the holders of Class A Units may be subject to a dilution of their interests. A holder of Class A Units, to maintain limited liability, must not take part in the management or control of the Partnership's business.

A Unitholder should consult with his own financial or tax advisor with respect to the tax considerations in connection with an investment in the Class A Units.

Management's Report

The financial statements of Fort Chicago Energy Partners L.P. have been prepared by the management of Fort Chicago Energy Management Ltd. (the "General Partner") in accordance with accounting principles generally accepted in Canada. If alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Actual results may differ from these estimates and judgements. Management has ensured that the financial statements are presented fairly in all material respects.

Management maintains internal accounting and administrative controls designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the General Partner is responsible for reviewing and approving the financial statements and, primarily through its Audit Committee, ensures that management fulfills its responsibilities for financial reporting.

The Board of Directors of the General Partner has appointed an Audit Committee to meet periodically during the year with management and the external auditors. The Audit Committee reviews with management and the independent external auditors the annual financial statements prior to submission to the Board of Directors for final approval.

The independent external auditors, PricewaterhouseCoopers LLP, have been appointed by the Unitholders to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in conformity with Canadian generally accepted accounting principles.

Guy J. Turcotte

Guy J. Turcotte
Chairman and Chief Executive Officer

Stephen H. White
President and Chief Financial Officer

March 7, 2001

Auditors' Report

To the Board of Directors of Fort Chicago Energy Management Ltd.
as the General Partner of Fort Chicago Energy Partners L.P.

We have audited the Consolidated Statement of Financial Position of Fort Chicago Energy Partners L.P. (the "Partnership") as at December 31, 2000 and 1999 and the Consolidated Statements of Income and Undistributed Income and Cash Flows for the years then ended. These financial statements are the responsibility of the management of the Partnership's General Partner, Fort Chicago Energy Management Ltd. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Canada • March 7, 2001

Consolidated Statement of Financial Position

($ thousands)	As at December 31 2000	1999
ASSETS		
Current assets		
Cash and short-term investments	$ 37,031	$ 81,002
Receivables	1,265	45
Prepaid expenses	49	140
	38,345	81,187
Investment in Alliance projects (Note 2)	593,725	377,347
Deferred expenses (Note 4)	2,638	4,028
Office equipment	15	38
	$ 634,723	$ 462,600
CURRENT LIABILITIES		
Payables	$ 2,761	$ 2,987
Distribution payable (Note 3c)	5,388	–
	8,149	2,987
NON-CURRENT LIABILITIES		
Bank debt (Notes 5 and 9)	129,792	30,160
PARTNERS' EQUITY		
Partners' capital account (Note 3a)	424,876	379,155
Warrants (Note 3g)	653	653
Undistributed income	71,253	49,645
	496,782	429,453
	$ 634,723	$ 462,600

Statement of Outstanding Units

	March 7 2001	Dec. 31 2000	Dec. 31 1999
	(unaudited)		
Class A Units (Note 3a)	72,060,544	71,843,054	66,100,829
Options			
Eligible Optionholder Warrants (Note 3f)	1,015,075	1,232,565	2,319,790
Warrants (Note 3g)	495,000	495,000	495,000

Approved by the Board of Directors of Fort Chicago Energy Management Ltd.
as the General Partner of Fort Chicago Energy Partners L.P.

By: Guy J. Turcotte

Guy J. Turcotte
Director

By:

Stephen W.C. Mulherin
Director

See accompanying Notes to Consolidated Financial Statements

Consolidated Statement of Income and Undistributed Income

($ thousands)	For the year ended December 31 2000	1999
Income		
Interest	$ 1,633	$ 7,920
Expenses		
Administration	1,520	1,312
Interest and other finance	11,352	5,410
Foreign exchange loss (income)	1,670	(1,301)
Depreciation and amortization	1,335	1,226
Taxes	(707)	899
Net income (loss) before equity income	(13,537)	374
Equity income of Alliance projects (Note 1)	40,533	26,672
Net income for the year	26,996	27,046
Undistributed income at the beginning of the year	49,645	22,599
Distribution payable (Note 3c)	(5,388)	–
Undistributed income at the end of the year	$ 71,253	$ 49,645
Net income per Class A Unit		
Basic	$ 0.40	$ 0.41
Fully diluted	$ 0.38	$ 0.41

Consolidated Statement of Cash Flows

($ thousands)	For the year ended December 31 2000	1999
Operating		
Net income for the year	$ 26,996	$ 27,046
Less: Equity income of Alliance projects	(40,533)	(26,672)
Add: Depreciation and amortization	1,335	1,226
Amortization of foreign exchange loss	1,272	–
Cash flow	(10,930)	1,600
Financing		
Share capital	47,899	578
Bank debt	97,227	30,160
Issue costs	(2,178)	–
Changes in non-cash working capital	(1,355)	2,414
	141,593	33,152
Investing		
Investment in Alliance projects	(175,845)	(182,079)
Deferred expenses	1,216	(1,461)
Office equipment	(5)	(15)
	(174,634)	(183,555)
Increase (decrease) in cash and short-term investments	(43,971)	(148,803)
Cash and short-term investments at the beginning of the year	81,002	229,805
Cash and short-term investments at the end of the year	$ 37,031	$ 81,002
Cash flow per Class A Unit		
Basic and fully diluted	$ (0.16)	$ 0.02
Supplemental disclosure of cash flow information:		
Interest paid	$ 8,936	$ 1,219
Income taxes paid	$ 732	$ 188

See accompanying Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

As at December 31, 2000

1. BASIS OF PRESENTATION AND BUSINESS OF THE PARTNERSHIP

Fort Chicago Energy Partners L.P. (the "Partnership") is a limited partnership created under the laws of the Province of Alberta on October 9, 1997.

The Partnership was created to acquire the interests in the Alliance projects held by Chauvco Resources Ltd. ("Chauvco") and all agreements related thereto. The business of the Partnership consists solely of directly or indirectly participating in the transportation, storage, marketing or processing of hydrocarbons and directly or indirectly investing and managing investments in other persons who are engaged primarily in these activities or carrying on the business of a financial intermediary.

Fort Chicago Energy Management Ltd., as General Partner, is responsible for overseeing the management of the Partnership, including the determination of the amount of distributions to the holders of limited partnership units of the Partnership.

The Consolidated Financial Statements include the accounts of the Partnership and its wholly owned subsidiary partnerships and corporations.

The Alliance projects consist of the Alliance Pipeline Project and the Aux Sable Plant Project. The Alliance Pipeline Project involves the design, construction and operation of a mainline gas pipeline from northeastern British Columbia to points near Chicago, Illinois. The Aux Sable Plant Project involves the construction and operation of a natural gas liquids extraction and fractionation facility near the terminus of the Alliance Pipeline Project.

The Partnership's interest in the Alliance projects is accounted for using the equity method, whereby the investment is recorded at the original cost plus the Partnership's share of income or loss less any distributions received. The Alliance Pipeline Project follows the regulatory accounting method. For the period ended December 31, 2000, the Partnership recorded $40,533,000 (1999 – $26,672,000) as its share of the income of the Alliance projects.

As the Partnership is not a taxable entity, all income for tax purposes is allocated to the partners each year and, therefore, no tax expense is reflected in these financial statements in respect of the Partnership. Certain subsidiary partnerships are taxable in the U.S. and tax expense has been recorded for U.S. tax liabilities. A subsidiary corporation is taxable in Canada and federal and provincial capital taxes have been reflected in the financial statements of the subsidiary corporation.

2. INVESTMENT IN ALLIANCE PROJECTS

At various times in 1997, the Partnership acquired interests in the Alliance Pipeline and Aux Sable Plant projects. The Partnership has invested the following amounts in the Alliance Pipeline and Aux Sable Plant projects since inception and recorded the following amounts of equity income.

($ thousands)	Investment	Equity Income	Total
1997	$ 35,208	$ 244	$ 35,452
1998	124,464	8,680	133,144
1999	182,079	26,672	208,751
2000	175,845	40,533	216,378
	$ 517,596	$ 76,129	$ 593,725

The following summarizes the financial information of the Alliance Pipeline and Aux Sable Plant entities:

($ millions)	2000	1999
STATEMENT OF OPERATIONS		
Net income for the year	$ 148.1	$ 87.5
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	$ 511.5	$ 282.5
Long-term assets	5,959.3	3,973.5
Total assets	$ 6,470.8	$ 4,256.0
Liabilities and unitholders' equity		
Current liabilities	$ 352.3	$ 263.4
Long-term liabilities	3,770.1	2,528.7
Deferred income taxes	105.0	41.0
Unitholders' equity	2,243.4	1,422.9
Total liabilities and unitholders' equity	$ 6,470.8	$ 4,256.0

3. PARTNERS' EQUITY

(a) Partners' capital account

(i) Authorized — The Partnership is authorized to issue an unlimited number of Class A limited partnership units and one Class B limited partnership unit.

(ii) Issued —

	Class A Units	
($ thousands)	Number	Value
December 31, 1998	66,003,609	$ 378,577
Eligible Optionholder Warrants (Note 3f)	97,220	578
December 31, 1999	66,100,829	379,155
Eligible Optionholder Warrants (Note 3f)	1,087,225	6,469
Equity offering (Note 3b)	4,655,000	41,430
Issue costs (Note 3b)	–	(2,178)
December 31, 2000	71,843,054	$ 424,876

(b) Equity offering

On November 7, 2000, the Partnership completed an equity offering of 4,655,000 Class A Units at a price of $8.90 per Class A Unit with a syndicate of Canadian investment banks. Total proceeds received were $41,429,500 prior to underwriting fees and expenses of the offering that totalled $2,178,000.

(c) Distributions

On December 18, 2000, the Partnership announced the commencement of distributions to holders of Class A Units. On January 15, 2001, the Partnership paid a distribution of $0.075 per Class A Unit for a total of $5,388,000 to Unitholders of record at the close of business on December 29, 2000.

(d) Ownership restrictions

The Partnership was organized in accordance with the terms and conditions of a limited partnership agreement dated as of October 9, 1997 as amended and restated on November 21, 1997 and as further amended on March 7, 2001 (the "Partnership Agreement"). The Partnership Agreement provides that no Class A Units may be transferred to (i) a person who is a "non-resident" of Canada, a person in which an interest would be a "tax shelter investment" or a partnership which is not a "Canadian partnership" for purposes of the *Income Tax Act* (Canada) or (ii) a person who is a "Competitor" (as defined in the Partnership Agreement). The Partnership Agreement further provides that no person, other than an "Exempt Person" (as defined in the Partnership Agreement), may beneficially own 10 percent or more of the outstanding Class A Units prior to May 29, 2001.

(e) Unitholders rights plan

The Partnership has a unitholders rights plan (the "Plan"). Under the Plan, one right will be issued with each Class A Unit issued. The rights remain attached to the Class A Units and are not exercisable or separable unless one or more certain specified events occur. If a person or group acting in concert acquires 20 percent or more of the Class A Units of the Partnership, the rights will entitle the holders thereof (other than the acquiring person or group) to purchase Class A Units of the Partnership at a 50 percent discount from the then market price. The rights are not triggered by a "Permitted Bid," as defined in the Plan.

(f) Eligible Optionholder Warrants

On December 15, 1997, the holders of options to acquire common shares of Chauvco received for no consideration Eligible Optionholder Warrants of the Partnership on a one-to-one basis. This resulted in the issuance of 2,429,250 Eligible Optionholder Warrants. Subject to certain limitations, each Eligible Optionholder Warrant entitles the holder thereof to acquire one Class A Unit at a price of $5.95. The Eligible Optionholder Warrants will only be exercisable during the period from the date of issuance until May 29, 2001. During 2000, 1,087,225 (1999 – 97,220) Eligible Optionholder Warrants were exercised for proceeds of $6,468,988 (1999 – $578,459).

(g) Warrants

In conjunction with the arrangement of the credit facilities described in Note 5 below, the Partnership issued 495,000 warrants. Each warrant entitles the holder thereof to acquire one Class A Unit at a price of $6.65. Each warrant will expire on March 6, 2002. In 1998, the Partnership recognized $653,400 as the value of these warrants.

4. DEFERRED EXPENSES

	2000	1999
Financing expenses	$ 1,138	$ 2,094
Foreign exchange loss	1,133	1,567
Other	367	367
	$ 2,638	$ 4,028

5. BANK CREDIT FACILITIES

During 1998, the Partnership entered into two credit agreements with a syndicate of banks to provide credit facilities to the Partnership in the amount of Canadian $40 million and U.S. $70 million as follows:

	Alliance Pipeline Project Cost Overruns Canadian $	Aux Sable Project U.S. $
Senior credit facilities	$ 25,000,000	$ 44,000,000
Subordinated credit facilities	15,000,000	26,000,000
	$ 40,000,000	$ 70,000,000

The Partnership delivered a general security agreement and its subsidiary partnerships delivered guarantees in favour of the lenders as security for the Partnership's obligations under the credit facilities. The credit facilities mature on October 1, 2001 but may be extended for an additional six-month period.

During 2000, the Partnership amended its senior credit facilities to create a senior bridge credit facility of $8,500,000 and amended its subordinated credit facilities to create a subordinated bridge credit facility of $5,000,000. These bridge credit facilities mature on October 1, 2001. The Partnership and its subsidiary corporations and partnerships also confirmed that the security, guarantees and negative pledges previously delivered to the lenders in connection with the senior and subordinated credit facilities also secure the bridge credit facilities.

As at December 31, 2000, the Partnership had drawn Canadian $7,598,000 and U.S. $81,452,000 under the various credit facilities and had issued letters of credit of Canadian $9,724,000 and U.S. $6,311,000.

The interest rates on outstanding debt are variable, including in relationship to the lenders' prime interest rates. The Partnership has agreed to pay standby and letter of credit fees varying from 1.2 percent to 4 percent per annum of the undrawn facilities and any letters of credit issued under the facilities. The Partnership has provided covenants customary to bank credit facilities and which include the maintenance of consolidated tangible net worth of at least $325,000,000.

On March 6, 2001, the Partnership repaid all of these credit facilities from the proceeds of the credit facilities described in Note 9 and terminated all such credit facilities.

6. UNIT APPRECIATION RIGHTS CASH BONUS PLAN

The Partnership has granted the following unit appreciation rights to Directors, Officers and employees of the Partnership and the General Partner.

Year of Grant	Number of Units	Exercise Price	Expiry	Vested as of Dec. 31, 2000	Value as of Dec. 31, 2000	Value as of Dec. 31, 1999
1997	846,666	$ 5.75	Dec. 31, 2003	846,666	$2,328,000	$ 423,000
2000	40,000	$ 7.80	Dec. 31, 2003	40,000	28,000	–
	886,666	$ 5.84		886,666	$2,356,000	$ 423,000

7. COMMITMENT TO ALLIANCE PROJECTS

On December 31, 2000, the Partnership had obligations in the amount of Canadian $7,917,000 and U.S. $5,208,000 to fund its pro rata share of certain of the debt service reserve accounts for the Alliance Pipeline Project and had delivered letters of credit to support such obligations.

On December 31, 2000, several of the Partnership's subsidiary partnerships had agreed to guarantee a portion of the natural gas transportation obligations of an entity affiliated with the Alliance Pipeline Project and the Partnership had delivered letters of credit of Canadian $1,807,000 and U.S. $1,103,000 to support such obligations.

The Partnership has made its pro rata share of an equity commitment to the Aux Sable Plant Project. The Partnership's commitment in this regard totals U.S. $3,592,000 of which U.S. $1,692,000 was funded in February 2001.

8. FINANCIAL INSTRUMENTS

The Partnership's financial assets and liabilities as at December 31, 2000 included cash, accounts receivable, accounts payable and bank debt. Due to the current nature of cash, accounts receivable and accounts payable, fair value of these items is considered to be equal to book value. The fair value of bank debt approximates its recorded value as it bears interest at current market rates. The Partnership has entered into variable rate agreements for all debt financing.

9. SUBSEQUENT EVENT

On March 6, 2001, the Partnership entered into a new credit agreement with two Canadian chartered banks to provide for a Canadian $40,000,000 extendible revolving credit facility and a Canadian $100,000,000 bridge facility. The initial proceeds from these new credit facilities were utilized to repay the credit facilities described in Note 5 above.

These new credit facilities are unsecured except that subsidiary partnerships and corporations delivered guarantees in favour of the lenders as security for the Partnership's obligations under these new credit facilities.

The interest rates on outstanding debt are variable, including in relation to the lender's prime interest rate. The Partnership has agreed to pay standby and letter of credit fees varying from 0.6 percent to 1.325 percent per annum of the undrawn facilities and any letters of credit issued under the facilities. The Partnership has provided covenants customary to bank credit facilities that include, (i) the maintenance of consolidated tangible net worth of at least $375,000,000 (subject to downward adjustment for certain events) and (ii) the maintenance of debt to total capitalization of no greater than 50 percent. The bridge credit facility matures on March 5, 2002. The extendible revolving credit facility also matures on March 5, 2002, but may be extended from time to time for additional 364-day periods with the approval of the lenders.

Corporate Information

BOARD OF DIRECTORS

Guy J. Turcotte
Calgary, Alberta

John E. Feick(2)(3)
Calgary, Alberta

Verne G. Johnson(1)(2)(3)
Calgary, Alberta

Arthur V. Mauro(1)(3)
Winnipeg, Manitoba

Stephen W.C. Mulherin(1)(2)(3)
Calgary, Alberta

G. Allan MacKenzie(3)
Winnipeg, Manitoba

OFFICERS

Guy T. Turcotte
Chairman and
Chief Executive Officer

Stephen H. White
President and
Chief Financial Officer

Renée M. Ratke
Secretary
Partner, Bennett Jones LLP

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance Committee

HEAD OFFICE

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INVESTOR RELATIONS

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AUDITORS

PricewaterhouseCoopers LLP
Calgary, Alberta

SOLICITORS

Bennett Jones LLP
Calgary, Alberta

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta

Bank of Nova Scotia
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
Vancouver, Calgary, Winnipeg, Montreal, Toronto

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: FCE.UN

2000 Income Tax Information

		Allocated to Class A Unitholders as of				
	Total 2000	March 31	June 30	Sept. 30	Dec. 31	Total
Net income (loss)	$ (72,761,408)	$(0.275168)	$(0.274802)	$(0.273698)	$(0.253196)	$(1.076863)
Capital cost allowance	32,994,571	0.124778	0.124612	0.124112	0.114815	0.488317
Charitable donations	5,500	0.000021	0.000021	0.000021	0.000019	0.000081
Political donations – Federal	6,875	0.000026	0.000026	0.000026	0.000024	0.000102
Capital loss						
Before Feb. 28	(1,152,672)	(0.004359)	(0.004353)	(0.004336)	(0.004011)	(0.017059)
After Feb. 27 and before Oct. 18	(1,250,481)	(0.004729)	(0.004723)	(0.004704)	(0.004351)	(0.018507)
After Oct. 18	(270,588)	(0.001023)	(0.001022)	(0.001018)	(0.000942)	(0.004004)

Notice of Annual and Special Meeting

The Annual and Special Meeting of Unitholders will be held on May 9, 2001 at 4:00 p.m. in the Strand/Tivoli Room, The Metropolitan Centre, 333 – 4th Avenue S.W., Calgary, Alberta. All Unitholders are encouraged to attend.

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FortChicago

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